



A CMI Business Brief White Paper:

Cast Iron Cloud Integration Platform Reduces Overhead and Boosts Revenue

By Alexander Price, CMI





Information technology application integration may be one of the most costly and aggravating banes of CEO/CFO/CIO life. Trying to plumb the costs and complexities of how this application connects to that one, why it seems to take forever for the IT Department to make the connection work, why it also seems to cost an arm and a leg to do so, and why the resulting connections are often either so brittle that the slightest change breaks the connection or so ridged that no change is possible without a similar cost/time paradigm are all pain situations known to every C-Suite executive.

At CMI, we're aware of these issues as well. We've studied the problem, the solution offerings, and the learning/deployment curves. We've looked at the costs (direct and indirect), the timelines (for solution training as well as for solution time-to-deployment), and the resiliency and flexibility of the solutions in actual use.

We then pulled together a team of current and former CEO, CIO, CFO experts and made the case to them for the solution approach detailed in this White Paper. Their feedback helped shape this White Paper. We also left the feeds-and-speeds and techno-babble approach to others.

Our case is based-on how a given solution such as the one in the White Paper can achieve one, two, or all three of the following goals: make it possible for an organization to save money, make money, or stay out of jail (basically, stay in compliance.)

We believe a strong case can be made that IBM's Cast Iron offering can and does help to one degree or another with all three. You be the judge.

Cutting the Cost Knot

Companies want to get mission-critical data out of on-premise applications and move it into the cloud, or elsewhere in an organization, where it can get to where it's needed most – to salespeople, line-of-business, analysts, and the C-Suite. In our opinion, IBM's Cast Iron offers organizations a complete platform to integrate both traditional and cloud-based applications, such as databases, web services, CRM, ERP, and messaging systems.

As we see it, Cast Iron's approach of using pre-defined, and/or easily defined, application interfaces means that expensive custom coding can, in many cases, be eliminated, and integrations can be completed in the space of hours or days, rather than weeks or months.

Our experience indicates overwhelmingly that with Cast Iron, your company can, in many cases, leverage the application interface coding work of IBM's own experts, and keep your in-house IT experts focused on orchestrating and implementing the organization or operation-specific aspects of the problem being worked.



Our examination further reveals these results with Cast Iron:

- Labor and time savings in application interface development, testing, quality assurance, and deployment. Days instead of weeks and weeks instead of months, in documented cases.
- Reduction in costly re-work time (fixing poorly executed or poorly designed code or associated operations attributes).
- Greater reliability and stability of deployed solutions resulting in less post-implementation downtime.
- Increased data accuracy due to reductions in manual data loads or the missing of data loads.
- Possible CAPEX and OPEX savings due to improved scalability of existing systems and applications.
- Demonstrable savings of 60, 70, even 80% of the comparable costs of creating/deploying/maintaining custom code.
- Possible increases in top line revenue through increased productivity, improved data access and accuracy, and more comprehensive modelling, analysis, and reporting.

As we see it, that list should be, and frankly is, compelling enough for any C-Suite executive to take notice. With that in mind, let's explore this subject a little deeper.

The Proof is in the Doing: Making and Saving Money with Cast Iron

It should go without saying that for companies in competitive industries, getting the right data to the right people can mean the difference between closing a major deal and losing out to the competition. Yet such failures to execute occur every day. CMI research shows that in large part, this is because historically the only integration solutions available to the majority of IT departments involved time-consuming and resource-draining custom coding work, requiring months, or even years, to bring online.

That situation has changed. With Cast Iron, many commonly used applications can be integrated more-or-less "out of the box". This is due to the availability of Cast Iron's comprehensive set of pre-configured application interface templates for connecting one application with another.

Net result: the elimination of the need to build interface integration programs from scratch and the obvious acceleration of the application integration process, getting your data more quickly to where it's needed most.

Yet our research also points to other possible, sometimes overlooked cost savings: those associated with the future integration of other applications with those already employing Cast Iron, the savings associated with further reductions in design/deployment times as your staff gains experience in Cast Iron, and the possible



financial benefits of increased scalability as your organization grows.

Let's take a real world example. XTG, the world's largest secondary market computer distributor, dramatically increased orders-per-customer by giving sales agents a "360-degree view" of their customers via Cast Iron-based application integration. Their integration was completed in only 10 days -- and saved the company 50% in integration costs over custom coding. Ask anyone who has attempted to integrate the applications in question -- Oracle CRM On-Demand and Epicor ERP¹ -- and our experience indicates you'd receive nothing short of disbelief that such an integration could be done on such timelines. Yet it was, and as the following quotes indicate, this is not by any means an isolated example.

Cost vs. Price

As we've seen, IBM's Cast Iron can save your organization as much as 80% of the costs typically associated with application integration and maintenance when compared to custom code. Yet for some organizations, the illusion still exists that custom coding can provide an immediate fix at a seemingly lower cost: "We can knock that code out in no time at all. No one knows these systems as well as we do" is an all too common refrain.

Yet CMI's research -- and hands-on experience -- validates what C-Suite executives across the country know: that organizations which go down the custom code path quickly realize that creating and maintaining custom code is labor and time-intensive and that the hidden costs of this approach (poor or no documentation, application re-work, training, siloing (only one person knows how that code works), missing/poorly-defined requirements, etc.) go well beyond the cost of initial coding.

On another front, our research shows that organizations can, in many cases, continue saving money after Cast Iron integration by eliminating seat licenses for applications accessed through Cast Iron. In just one scenario, people don't need to sign-on to Application "A" (and take-up a license seat(s)) when the data from Application "A" is already integrated into Application "B" via Cast Iron. As any CIO or CFO can attest, application licensing costs can quickly eat away at an organization's profitability.

As an example, Alere, a global leader in health management services, was able to save over \$110,000 per year in eliminated SAP and Scribe licenses via Cast

"The integration strategy you pick should fit your business (for us that was: simple, flexible, and cheap). The Cast Iron platform approach was the correct decision for us. Low cost, minimal development, simple to get up and running. Once we started, the results were visible in two weeks."

-- R. Berger

*Process and Application IT
Manager
Siemens Energy²*

"We selected Cast Iron [for its] native connectivity to and its exceptionally fast implementation time. In fact, we were able to install it ourselves using the manual in a little over an hour!"

-- C. Sinkwitz

*Director of Applications
Meritage Homes³*

¹ CloudCon 2010 Q&A with Simon Peel, SVP Strategy and Marketing, IBM. <http://www.youtube.com/watch?v=0583Z7nFGQ>

² Impact 2011: Business Executive Insider: Maximize the Value of Cloud Apps with Integration, Presentation; <http://www.slideshare.net/theRab/impact-2011-business-executive-insider-maximize-the-value-of-cloud-apps-with-integration>

³ Case Study: Meritage Homes builds better customer information into its business http://www-01.ibm.com/software/success/cssdb.nsf/CS/STRD-8NEN8X?OpenDocument&Site=default&cty=en_us



Iron integration. Additionally, their integration of Salesforce.com, SAP, JD Edwards, and a flat file distribution application led to productivity gains of over \$95,000 per year -- and counting.

Show Me How: Make Money, Save Money.

As every C-Suite exec knows all too well, organizations of all sizes and stripes often depend on a variety of separate business applications, held together by what can most charitably be described as a mish-mash of custom code, legacy interfaces, and other voodoo-based IT practices.

Yet as our research, and the concrete examples in this White Paper clearly demonstrate, with Cast Iron integration, organizations no longer have to waste precious time to access critical business information. Instead, business users get seamless, real-time visibility of data from all integrated applications, saving time and increasing productivity gains. Moreover, improvements in productivity and tangible results also increase user adoption and help organizations of all sizes maximize the value of their investments in cloud and traditional applications.

That said, at CMI we are nothing if not realists, and nothing backs up rhetoric like a numbers-based example. eBioscience, a growing San Diego biotech firm, saw their sales conversion rate jump from 35% to 65% after sales reps were able to interact with customer data in real time. The company used Cast Iron to integrate Salesforce.com with their Oracle ERP and saved \$43,000 in manual entry costs and \$86,000 in customer service costs -- in just three months.

On another front, Cast Iron also addresses one of the hottest (and potentially most cost-ridden) topics in business today: mobility – the use of iPads, iPhones, tablets, and other mobile devices to access organizational applications and data. Rather than tax you with yet another paragraph of the hows-and-whys of this topic, we think it better to let an actual user make the case for Cast Iron in mobility situations for us:

The Die is Cast... Iron

As we mentioned at the top of this White Paper, at CMI we believe that Information Technology all boils down to three core objectives: making it possible

“Over time, the amount of programming time and ... the amount of manual work that go into [integration] make it such that Cast Iron is a system that continues to save us money the more we use it.”

*-- J. Stern
VP of Global Customer Support
and Fulfillment
Alere⁴*

“[Cast Iron’s] allowed us to keep our base cost in check as well as drive revenue in places we’ve not been able to do so before.”

*A. Zoutis
VP of IT, eBioscience⁵*

“Cast Iron not only integrates on-premise SAP to cloud-based Salesforce, but also allows us to provide live Chatter feeds of order data changes to our sales reps on any device, including mobile phones, tablets, and laptops. When sales can get the information it needs, when and how it wants it, productivity soars.”

*-- R. Berger
Process and Application IT
Manager, Siemens Energy⁶*

⁴ Smarterquestions.org: Rapid SaaS and On-Premise Integration: IBM Cast Iron;
<http://smarterquestions.org/2011/05/rapid-saas-and-on-premise-integration-ibm-cast-iron/>

⁵ Case Study Saugatuck Research: eBioscience; Video:
http://ibmtdemo.edgesuite.net/software/websphere/videos/cast-iron-cloud/saugatuck_ebioscience_transcript.pdf

³ Siemens Energy Customer Testimonial Video: Real-time integration between SAP and salesforce.com Sales Cloud and Chatter



for an organization to make money, save money, and stay out of jail.

As experienced CIOs, CFOs, and CEOs, we know, first-hand, the costs, both apparent and hidden, of application integration. We studied the market for solutions to this issue and came away with one we believe is so manifest that it makes its own technical, business, and financial cases: IBM's Cast Iron offerings.

The point of this White Paper is not to show you all the feeds-and-speeds and ins-and-outs of this product line. Your CMI Client Rep can help you with that. Rather, with this White Paper we wanted to outline the business case needed for you to take the time to discuss and review Cast Iron for yourself. As to whether we have done that, we will, as we said earlier, let you be the judge.

Next, we'll take a moment to see what CMI's CTO and an industry CFO have to say on the subjects of this White Paper.



Status Check: By Kris Neely, CMI's Chief Technology Officer

Prior to coming to CMI, I spent over 30 years in the IT industry in roles ranging from programmer/ analyst, to IT manager, to CIO. I've led application development teams that used traditional approaches of custom coding to integrate a variety of applications in an assortment of industries from Banking to Manufacturing. The results have been, frankly, a mixed grill. Suffice it to say the job was done -- but the costs were almost universally more than had been budgeted. In some cases, far more.

That's due in part to the fact that the challenge of writing application interfaces, either for permanent deployment or for application or platform conversion, in either traditional or cloud computing models, is arguably one of the toughest in IT. Without getting into techno-speak, I believe this is because of a few of key issues:

- Interfaces. There always seems to be 'one more interface' or 'one more application' that needs to be integrated in any application interface project, and inevitably that one more is one which no one thought of when the project was conceived. Over time people simply forget what is connected to what. Or, the person who knew leaves the firm. Net result: costly re-work to add or re-built the interface(s).
- Exceptions. There are always exceptions to data being integrated between systems and the writing of this exception handling can be very tedious and time consuming.
- Interpretation of the interface code. Over time, the application integration programs need to be refreshed or reinterpreted. But when this time comes, it's not uncommon for people to have forgotten the business logic behind the code. Or, the code is written in a language no longer used at the firm, making interpretation difficult at best.
- Operations Integration. Writing the linkages necessary to alert IT operations staff to exceptions or other operational issues is complex.

In my view, these are also clearly reasons why IBM's Cast Iron shines. I've seen first-hand how Cast Iron's graphical user interface allows programmers and line-of-business folks to co-operatively work on designing interfaces – including data transformations -- between two applications with drag-and-drop simplicity and speed. And adding new interfaces is just as intuitive and graphical. After all, time is money.

Moreover, since IBM's programmers have built-in a solid base of exception handling and error notification capabilities, the time traditionally invested in doing a percentage of that work is eliminated. Ditto for the operational notification aspects, as well. Net-net: more opportunities for cost savings.

Finally, since Cast Iron is available in multiple configurations: as an on-premise appliance, as a software hypervisor (a virtual appliance, if you will), and as a cloud-based solution, an enterprise choosing this solution has greatly increased deployment flexibility which usually translates into dollar savings.

In conclusion, I can enthusiastically recommend that you take a tour of IBM's Cast Iron offerings, today.

Kris Neely
Chief Technology Officer, CMI



Reality Check: A CFO Reviews this White Paper

As CFOs, we've known for some time that application development and integration projects have experienced a very poor success rate. When you consider the failures, measured in terms of internal/external cost overruns, time delays and missed business opportunities, functionality shortfalls, missed deadlines and frustrated users, the demand for quality solutions is substantial.

The pressure is on the CFO. The Financial Officer is responsible for detailing total costs which will include internal IT staff, operations man-hours, temporary employees, external IT consulting along with quantifying the related audit and control issues. Even more important will be the implied promise made to the organization that these will be the definitive and only costs, and naturally, an affirmation of the expected benefits.

The role of the CFO within IT projects is to accomplish the following:

- Take Action – recognizing the pitfalls of the past and being able to do something about them
- Minimize Risk – working with proven products/services and the experienced professionals that understand how they can best be implemented
- Improve Information – adding timely management information more efficiently
- Reduce Costs Over Time – lowering the expenses associated with implementation as well as ongoing development and maintenance
- Improve Productivity – enhancing the functionality of the organizations systems to manage data in a way that leads to better decision-making

The ability to draw upon the interface templates of Cast Iron to rapidly and securely affect the integration of applications responds to all of these issues. A cost effective solution that provides sustainable, flexible and reliable results can provide significant value added to almost any organization.

I would encourage you to review the benefits of IBM's Cast Iron approach with the help of your business partners at CMI.

Dick Kernan

Former CFO of Acacia Pacific Holdings, Inc. and Fireman's Fund Insurance Company